

GOVERNMENT ACCOUNTABILITY BOARD

Budget Summary						FTE Position Summary				
Fund	2010-11 Adjusted Base	Governor		2011-13 Change Over Base Year Doubled		2010-11	Governor		2012-13 Over 2010-11	
		2011-12	2012-13	Amount	%		2011-12	2012-13	Number	%
GPR	\$2,437,600	\$2,627,000	\$2,664,700	\$416,500	8.5%	14.30	14.30	14.30	0.00	0.0%
FED	1,454,200	1,452,000	1,452,000	- 4,400	- 0.2	0.00	0.00	0.00	0.00	0.0
PR	524,200	538,900	538,900	29,400	2.8	3.45	3.45	3.45	0.00	0.0
SEG	<u>742,600</u>	<u>100,100</u>	<u>742,600</u>	<u>- 642,500</u>	<u>- 43.3</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.0</u>
TOTAL	\$5,158,600	\$4,718,000	\$5,398,200	- \$201,000	- 1.9%	17.75	17.75	17.75	0.00	0.0%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

Governor: Provide standard adjustments totaling \$101,500 GPR, -\$2,200 FED, and \$10,000 PR in 2011-12, and \$105,100 GPR, -\$2,200 FED, and \$10,000 PR in 2012-13. Adjustments are for: (a) full funding of continuing salaries and fringe benefits (\$52,000 GPR and \$8,400 PR annually); (b) reclassifications (\$8,400 GPR in 2011-12, and \$12,000 GPR in 2012-13); and (c) full funding of lease costs and directed moves (\$41,100 GPR, -\$2,200 FED, and \$1,600 PR annually).

GPR	\$206,600
FED	- 4,400
PR	<u>20,000</u>
Total	\$222,200

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor: Delete \$70,500 GPR and \$16,700 PR annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

GPR	- \$141,000
PR	<u>- 33,400</u>
Total	- \$174,400

3. AGENCY BUDGET REDUCTIONS

Governor: Reduce funding by \$112,600 GPR and \$21,900 PR annually associated with a 10% reduction to supplies and other non-personnel costs.

GPR	- \$225,200
PR	<u>- 43,800</u>
Total	- \$269,000

4. PUBLIC FINANCING OF CAMPAIGNS FOR SUPREME COURT JUSTICE -- DEMOCRACY TRUST FUND

Governor: Transfer the SEG sum sufficient public financing benefits; candidates for justice appropriation from the State Treasurer to the Government Accountability Board (GAB). After the transfer from the State Treasurer this appropriation would have no base funding. [Under current law, this SEG appropriation provides payment of public financing benefits to eligible Supreme Court Justice candidates, funded from the Democracy Trust Fund (DTF).] Amend the appropriation to provide funding equal in each fiscal year to the lesser of the total amount of campaign finance check-offs certified annually to the DTF, minus the amounts appropriated to GAB for administration, and the total amount of DTF grants that eligible candidates qualify to receive in that fiscal year.

Provide that it would now be the responsibility of GAB, and not the State Treasurer, to administer the DTF and to create and extend lines of credit to eligible candidates for Supreme Court Justice. The DTF provides public financing grants for eligible candidates for Supreme Court Justice.

Funding from the Campaign Finance Check-Off

Current Law. Beginning with 2010 tax returns, every individual filing an income tax return who has a tax liability or is entitled to a tax refund may now designate \$3 for the Wisconsin Election Campaign Fund (WECF) and the DTF. One-third of the total amount designated by taxpayers through the campaign finance check-off is credited to the WECF, and the remaining two-thirds are credited to the DTF. If individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a \$3 designation. Annually on August 15, the Secretary of DOR must certify to GAB, the Department of Administration (DOA) and the State Treasurer the total amount of any campaign finance designations made during the preceding fiscal year. Since the check-off does not affect taxpayer liability, the amount generated from the check-off is transferred to the WECF and the DTF from sum sufficient GPR appropriations. [The WECF provides public financing grants for eligible candidates for statewide and legislative offices.]

Bill. Current law provisions regarding the campaign finance check-off would not apply to a taxable year that would begin after December 31, 2011. Instead, for taxable years beginning after December 31, 2011, an individual's income tax liability would be increased by \$3 or the individual's tax refund would be decreased by \$3 for any designation made to the WECF and the DTF on the individual income tax form. As the check-off would now increase a taxpayer's liability or decrease a taxpayer's refund, the bill would delete the GPR sum sufficient appropriations that currently provide the funding associated with campaign finance check-offs. Any campaign finance check-off made by an individual that would not be funded, in whole or in part, by an individual's increased payment of taxes or by an available refund would be voided.

Annually, on or before August 15, the Secretary of DOR would be required to certify to GAB, DOA, and the State Treasurer all of the following: (a) the total administrative costs, including data processing costs, incurred by DOR in administering these provisions during the previous fiscal year; (b) the total amount of campaign finance check-offs made by taxpayers for

the WECF and the DTF during the previous fiscal year; and (c) the net amount of check-off revenue remaining after deducting DOR administrative costs. An amount equal to the administrative costs incurred by DOR during the previous fiscal year would be deposited to the general fund and credited to the DOR administration of income tax checkoff voluntary payments appropriation. Of the remaining amounts generated by the campaign finance check-off, one-third would be deposited to the WECF and two-thirds would be deposited to the DTF.

Estimated check-off revenue to the DTF would be reduced by \$34,600 in 2011-12, and by \$46,600 in 2012-13. As a result, under the bill, it is estimated that check-off revenue to the DTF would total \$328,000 in 2011-12, and \$316,000 in 2012-13.

Backup Sum Sufficient GPR Funding

Current Law. The GPR sum sufficient democracy trust fund transfer appropriation provides additional funding to the DTF equal to the difference between the unencumbered balance in the DTF and the amounts required to provide full public financing benefits to Supreme Court Justice candidates participating in the DTF.

Bill. Delete the GPR sum sufficient democracy trust fund transfer appropriation which ensures that there is sufficient funding to fully fund all grants under the DTF.

Base Grants

Current Law. The DTF provides for a \$100,000 base grant for an eligible candidate for the primary election, while the spring election base grant for an eligible candidate is \$300,000. Under current law, there is no provision for the proration of base grants as the GPR sum sufficient democracy trust fund transfer appropriation ensures that these grants will be fully funded. An eligible candidate may use these grant funds to finance any lawful disbursements during the primary and election campaign periods to further the election of the candidate in that primary or election. If there is no spring primary, no eligible candidate for Supreme Court Justice may receive a DTF public financing benefit for the primary election. Beginning on July 1, 2012, and every two years thereafter, GAB must modify the amount of the DTF base grants to adjust for the change in the consumer price index, all items, U.S. city average, published by the U.S. Department of Labor for the preceding two year period ending on December 31.

Bill. With the deletion of the GPR sum sufficient democracy trust fund transfer appropriation, the bill would now provide for the proration of base grants. As a result, the bill would provide for a maximum base grant of \$100,000 for the primary election, and \$300,000 for the spring election. Upon determination of the number of eligible candidates who qualify for a base grant for the primary election campaign period, GAB would be required to determine the amounts of the base grants payable to all eligible candidates in the primary election campaign period and the spring election campaign period by reserving a base grant amount from the DTF for the spring election campaign period for two eligible candidates, if two or more candidates qualify to receive a base grant for the primary election campaign period, or for one eligible candidate, if only one candidate qualifies to receive a base grant for the primary election campaign period. If there are insufficient moneys in the fund to make full payment of all base grants that are or may become payable for the primary and spring election campaign periods, the

Board would be required to prorate the available funding and fully allocate it to the eligible candidates. If on the day that the Board made its certification as to candidates eligible to receive base grant funding for the spring election there would be additional moneys in the fund that would have become available for distribution to eligible candidates in the spring election, GAB would be required to distribute the additional moneys in equal amounts to each eligible candidate at the spring election or, if there was only one eligible candidate, to that candidate alone, up to the maximum amount of the base grant for the spring election.

Private Contributions to Supreme Court Justice Candidates

Current Law. An eligible candidate participating in the DTF may not accept private contributions, other than "seed money contributions" and "qualifying contributions," that the candidate accepts through the first Tuesday in January preceding a spring election for Supreme Court Justice.

A "seed money contribution" means a contribution in an amount of not more than \$100 made to a candidate by an elector of this state anytime following the prior spring election through the first Tuesday of the following January immediately preceding a spring election for Supreme Court Justice. A seed money contribution may also include personal funds contributed by a candidate or a member of a candidate's immediate family during this time period. Total seed money contributions (including personal funds, but not including qualifying contributions) may not exceed \$5,000. No eligible candidate may make any disbursement derived from seed money contributions after the first Tuesday in January preceding the spring election for Supreme Court Justice.

A "qualifying contribution" means a contribution in an amount of not less than \$5 nor more than \$100 made to a candidate by an elector of this state, which is acknowledged by written receipt identifying the contributor. A qualifying contribution must be received anytime from the first day of July immediately preceding the year of the spring election through the first Tuesday of the following January. In order to qualify for a grant, a Supreme Court Justice candidate must receive at least 1,000 qualifying contributions from separate contributors in an aggregate amount of not less than \$5,000, nor more than \$15,000.

If an eligible candidate receives and accepts excess seed money contributions or qualifying contributions in an aggregate amount greater than the limits identified above, the candidate must transfer to the Board all seed money and qualifying contributions that exceed these limits for deposit to the DTF.

A nonparticipating candidate for Supreme Court Justice may accept contributions from private sources without limitation, except that no person may make any contribution or contributions to a nonparticipating candidate exceeding a total of \$1,000 during any campaign.

Bill. With the deletion of the GPR sum sufficient democracy trust fund transfer appropriation which ensures the full funding of DTF grants, the bill would now permit Supreme Court Justice candidates participating in the DTF to receive increased private contributions if there was insufficient funding to fully fund DTF grants. Under the bill, an eligible DTF candidate would not be allowed to accept private contributions during the primary election

campaign period in an aggregate amount exceeding the difference, if any, between the maximum amount of the base grant for the primary election and the actual amount of the base grant provided for the primary election. Likewise, an eligible DTF candidate would not be permitted to accept private contributions during the election campaign period in an aggregate amount exceeding the difference, if any, between the maximum amount of the base grant for the spring election and the actual amount of the base grant provided for the spring election.

A nonparticipating candidate for Supreme Court Justice could continue to accept a contribution from a person of up to \$1,000 during any campaign. A DTF candidate could likewise now receive contributions of up to \$1,000 per person during any campaign in order to make up any lost funding from a prorated base grant for the spring primary or election.

Nonparticipating Candidate Supplemental Grants

Current Law. If a Supreme Court Justice candidate not participating in the DTF receives contributions or makes or obligates to make disbursements exceeding 105% of the base grant provided to an eligible DTF candidate at the same primary or election, each candidate participating in the DTF qualifies for a nonparticipating candidate supplemental grant equivalent to the total excess disbursement amount made or obligated to be made, but these supplemental grants may not exceed, in the aggregate, three times the public financing benefit provided during the relevant primary or election. "Excess disbursement amount" means the amount of disbursements made by a nonparticipating candidate in excess of the DTF base grant. Prior to any future adjustments to reflect changes in the consumer price index, as the base grants for the primary and election campaigns are \$100,000 and \$300,000 respectively, the maximum aggregate nonparticipating candidate supplemental grants for the primary and election campaigns equal \$300,000 and \$900,000 respectively.

Nonparticipating candidates are required to report contributions received, or disbursements made or obligated to be made, that exceed 105% of the relevant base grant. However, nonparticipating candidate supplemental grants provided to a DTF candidate are based only on the disbursements made or obligated to be made by the nonparticipating candidate. In other words, nonparticipating candidate supplemental grants do not match contributions received by the nonparticipating candidate, but only disbursements.

Bill. The bill would delete nonparticipating candidate supplemental grants. As a result, a Supreme Court Justice candidate participating in the DTF would no longer be eligible to receive a nonparticipating candidate supplemental grant to match disbursements made by a nonparticipating candidate that exceed 105% of the relevant base grant for the spring primary or election. In addition, nonparticipating candidates would no longer be subject to the contribution and disbursement reporting requirements associated with this grant.

Independent Disbursement Supplemental Grants

Current Law. If the aggregate independent disbursements made or obligated to be made against an eligible DTF candidate for Supreme Court Justice, or for the opponents of that eligible candidate, exceed 120% of the base grant in the primary or election campaign, the eligible DTF candidate qualifies for an independent disbursement supplemental grant equal to the aggregate

independent disbursements made or obligated to be made, but not to exceed, three times the public financing benefit provided during the relevant primary or election. As a result, once the 120% threshold is exceeded, the participating candidate receives a supplemental grant equivalent to the total independent disbursements made or obligated to be made, from the first independent disbursement dollar expended or obligated to be expended. "Independent disbursement" means a disbursement by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with a candidate, or any authorized committee or agent of a candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of a candidate. Prior to any future adjustments to reflect changes in the consumer price index, as the base grants for the primary and election campaigns are \$100,000 and \$300,000 respectively, the maximum aggregate nonparticipating candidate supplemental grants for the primary and election campaigns equal \$300,000 and \$900,000 respectively. This cap on independent disbursements supplemental grants applies on a per producer of independent disbursements basis, and not on an aggregate basis.

If any person makes, or becomes obligated to make, by oral or written agreement, an independent disbursement in excess of \$1,000 with respect to a candidate for Supreme Court Justice at a spring primary or election, that person must file with GAB a notice of the disbursement or obligation to make the disbursement. Any such person must file reports of such disbursements or obligations to make such disbursements on the 15th or last day of the month that immediately follows the date of the disbursement or the obligation to make the disbursement, whichever comes first, except that, within six weeks prior to the date of the spring primary election, if a primary is held, and within six weeks prior to the date of the spring election, the person must file such reports within 24 hours after each independent disbursement is made or obligated to be made. Any such person must file an additional report after each additional \$1,000 of disbursements are made or obligated to be made.

Bill. The bill would delete independent disbursement supplemental grants. As a result, a Supreme Court Justice candidate participating in the DTF would no longer be eligible to receive an independent disbursement supplemental grant to match aggregate independent disbursements made or obligated to be made against an eligible DTF candidate for Supreme Court Justice, or for the opponents of that eligible candidate, that exceed 120% of the base grant in the spring primary or election. In addition, producers of independent disbursements would no longer be subject to the disbursement reporting requirements associated with this grant.

Administration of the Democracy Trust Fund

Current Law. It is currently the responsibility of the State Treasurer to administer the DTF and establish an account within the fund for each eligible candidate for Supreme Court Justice. The State Treasurer is responsible for providing lines of credit for base grants, nonparticipating candidate supplemental grants, and independent disbursement supplemental grants, based on information provided to the State Treasurer by GAB. Under the State Treasurer, the SEG sum sufficient public financing benefits; candidates for justice appropriation provides for payments from the DTF to make grants to eligible Supreme Court Justice candidates. The State Treasurer also has a SEG annual democracy trust fund administration appropriation to fund

costs incurred by the Treasurer in administering the DTF.

Bill. Specify that it would now be the responsibility of GAB, and not the State Treasurer, to administer the DTF and to create and extend lines of credit to eligible candidates for Supreme Court Justice. The SEG sum sufficient public financing benefits; candidates for justice appropriation would be transferred to GAB. This appropriation would be amended to provide funding equal in each fiscal year to the lesser of the total amount of campaign finance check-offs certified annually to the DTF minus the amounts appropriated to GAB for administration, and the total amount of DTF grants that eligible candidates qualify to receive in that fiscal year. Finally, the bill would delete the DTF administration appropriation under the State Treasurer.

Effective Dates

Campaign finance provisions would generally take effect January 1, 2012.

As a campaign finance check-off does not increase the tax liability or decrease the tax refund of a taxpayer under current law, GPR sum sufficient appropriations provide the funding to the WECF and DTF associated with these campaign finance check-offs. Under the bill, the campaign finance check-off would increase the tax liability or decrease the tax refund of the taxpayer. Effective January 1, 2013, the current law GPR sum sufficient appropriations would be repealed.

[See Miscellaneous Appropriations and State Treasurer--Public Financing of Campaigns for Supreme Court Justice--Democracy Trust Fund for additional information.]

[Bill Sections: 1 thru 18, 748, 752, 756, 757, 774, 775, 884, 885, 1885 thru 1887, and 9418(1)&(2)]

5. CAMPAIGN FINANCE INFORMATION SYSTEM

GPR	\$519,500
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Governor: Provide: (a) \$190,100 in 2011-12, and \$224,200 in 2012-13, to provide funding for ongoing maintenance of the campaign finance information system under the Board's contract with the system developer, PCC Technology Group, LLC; and (b) \$52,600 annually for master lease payments incurred to provide funding to develop the campaign finance information system. The system is utilized by candidates and political action committees to submit required campaign finance reports with the Board. The system also permits the public to access this campaign finance data online.

6. BOARD MEMBER PER DIEM FUNDING

GPR	\$56,600
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Governor: Provide \$28,300 annually to the Board's general program operations appropriation to provide funding for: (a) board member per diem costs for 12 board meetings annually; and (b) per diem costs for the Board Chair, or the Chair's designee, to canvass each state election event.

In providing funding for the new Government Accountability Board under 2007

Wisconsin Act 20, the Legislature reserved \$28,300 GPR annually under the Joint Committee on Finance GPR supplemental appropriation for possible future release to the Board to fund these per diem costs. These funds were requested and provided during the 2007-09 biennium, but this funding was not included in the Board's 2010-11 adjusted base.

7. LOBBYING DATABASE AND WEBSITE

PR	\$242,400
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Governor: Provide \$121,200 annually for application support and development costs, and hosting charges associated with the Board's upgraded lobbying database and website that is currently in development. Estimated costs include: (a) \$74,900 annually for additional application development to respond to new functional and performance requirements that may be identified as the upgraded system is deployed; (b) \$37,400 annually in application support charges to the Department of Administration's Division of Enterprise Technology (DET) to cover costs associated with repairs of, and modifications and enhancements to the new application during its initial deployment; and (c) \$19,200 annually in DET hosting charges for two dedicated servers for which DET will manage the hosting environment, provide web statistics, backups, and server support. While these charges total \$131,500 annually, the Board will cover \$10,300 annually in charges associated with this request from base resources. As a result, the bill provides \$121,200 annually in additional expenditure authority. Program revenue would be provided from lobbying fees which are assessed on individual lobbyists and lobbying principals.

In materials submitted to the Joint Committee on Finance in January, 2011, Board staff indicated that the critical components of the upgraded lobbying database and website would be complete in January, 2011, and that the database and website upgrade could be complete in August, 2011. A Board request for \$94,700 PR in project development funding in 2010-11 for the lobbying database and website remains before the Joint Committee on Finance. The lobbying database and website will be utilized to: (a) register lobbying organizations; (b) license and authorize lobbyists to lobby for lobbying organizations; (c) permit online registration and payment for lobbyists and lobbying organizations; (d) record lobbying activity; (e) provide on-line filing of lobbying reports by lobbyists and lobbying organizations; (f) provide public access to lobbying information via the Internet; and (g) provide an auditing functionality for the lobbying program.

8. SALE OF VOTER REGISTRATION LISTS

PR-REV	- \$155,800
PR	- \$155,800

Governor: Reduce expenditure authority to the Board's PR annual materials and services appropriation by \$77,900 PR annually to reflect federal requirements that revenue associated with the sale of voter registration lists must be deposited to the state's election administration fund created under the auspices of the federal Help America Vote Act.

9. WISCONSIN ELECTION CAMPAIGN FUND

SEG	- \$642,500
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Governor: Reduce expenditure authority by \$642,500 in 2011-12, as a reestimate of funds needed for non-Supreme Court campaign finance grants. Total grant levels would be budgeted at \$100,000 in 2011-12, and \$742,500 in 2012-13.